

Questions and Answers

Topic: Columbia Generating Station (CGS) Program Power Function Review Meetings on March 15 & 16, 2005

Q. What are the benefits of DOP to the ratepayers? How much does it lower rates?

A. The debt optimization program is designed primarily to replenish BPA's access to Treasury borrowing authority. To date, through this program BPA has prepaid over \$1 billion in federal debt, making greater Treasury borrowing authority available. This is important in order for BPA to fund infrastructure.

In addition, due to this program and other debt management actions, BPA has refinanced about \$4.6 billion of BPA's \$13.1 billion debt during this low-interest-rate environment, and reduced the overall cost of BPA's debt. Specifically, BPA has lowered overall BPA interest rates from 6.6 percent to 5.6 percent, currently saving over \$100 million a year. The primary purpose of the program is not to lower rates, but rates are no worse and can even be better than they would have been without the Debt Optimization Program

Q. What opportunities will be provided for customer input on the decision on CGS license extension?

A. The Power Function Review provides an opportunity for customer feedback on whether license extension costs should be included in BPA's initial rate proposal for the 2007-2009 period. Also, as BPA mentioned in the PFR, this decision is really an Energy Northwest Executive Board decision. Energy Northwest will take this issue up at its annual March Board budget workshops, which are open public meetings, in 2006 and 2007. BPA will develop its position on this issue in time to provide input to the Energy Northwest Executive Board. BPA will ensure opportunities for public input to its position, though we have not determined the timing and forum for that input this far in advance.

Q. What is the all-in cost of CGS, including debt service?

A. From the PFR Base:

FY 2007	\$562M
FY 2008	\$471M
FY 2009	\$520M

Q. Please provide a letter on security costs to send to our state representatives.

A. Energy Northwest is drafting this letter. Energy Northwest and BPA will make it available when it is approved.

Q. Where is the forum where the region receives input and decides on the future of CGS?

A. The key long-term decision to be made on CGS is license extension. This is addressed above.